

**00609**

**1981/06/23**

NODIS

NODIS

NODIS

23 JUN 81 05 55

EJ40

037325

Department of State

INCOMING  
TELEGRAM

NOOKS REVIEW

- OR-A - Document transferred to OIFADRC  
OR-B - Transferred to OIFADRC with additional access controlled by SIS  
OR-C - Control and custody retained by SIS

NRD 160

Reviewed by ELLIOT KELLY Jr.

Date: 12 JULY 1981

PAGE TWO OF EIGHT 160202Z JUN 81 037325 12 JULY 1981

ACTION NODIS

THRU ACT-PI AUS-81 1201 H ----- 214072 037325 12 JULY 1981

03732507 JUN 81  
FM AUTHORITY BEIJING  
TO SECRETARY VAUGHN IMMEDIATE 3177

CONFIDENTIAL SECTION 1 OF 7 BEIJING 6292

NONDIS

STATUS

F.O. 120107 037325 - 6/10/81 (POV. J. STAPLETON DR-H  
TAGS: PDR  
SUBJ: WANG-ZHAN YEMCAN

REF ID: A144749

HEREWITH REPEATED FOR YOUR ACTION BEIJING 6292. GENT ACTION  
WANG-ZHAN JUNE 19,

QUOTE

CONFIDENTIAL SECTION 2 OF 7 BEIJING 6292

NONDIS

FOR ASSISTANT SECRETARY HOLDING

F.O. 120107 037325, 6/10/81 (POV. J. STAPLETON DR-H  
TAGS: PDR, SHAIK, ALEXANDER M., JR.) FM  
SUBJECT: SECRETARY MAURIA JUNE 19, 1981 HERETHE WITH POC  
PRINTED THRU ZHENG

1. (P = PNTYPE TTY)

CONFIDENTIAL

DEPARTMENT OF STATE

IS/FPC/CDR TRJS Date: 12/81

MR Cases Only:  
EO Citations \_\_\_\_\_

TS auth \_\_\_\_\_

( ) CLASSIFY AS ( ) S or  
( ) DECLASSIFY IN PART ( ) S or

( ) DELETE Non-Responsive Info  
FOIA Exemptions \_\_\_\_\_

( ) EXCISE ( ) DECLASSIFY  
( ) DENY ( ) DECLASSIFY IN PART ( ) S or

( ) EXCEPT ( ) DECLASSIFY  
( ) EXCEPT ( ) DECLASSIFY IN PART ( ) S or

NOT TO BE REPRODUCED WITHOUT THE AUTHORIZATION OF THE EXECUTIVE DOWNGRADE TS to ( ) S or

NODIS  
NODIS  
NODIS

Department of State

INCOMING  
TELEGRAM

CONFIDENTIAL

PAGE NO. 001 IN 00202 PI OF 07 231431Z

2. THE FOLLOWING MEMOIR OF THE SECRETARY'S MEETING WITH POC PENGJUH ZHAN ZIYANG AT 3:30 P.M. ON THURSDAY, JUNE 14, 1981, DELEGATES CLEARANCE BY THE SECRETARY, FOLLOWING WHICH IT SHOULD BE TRANSMITTED TO WASHINGTON WITH APPROPRIATE DISTRIBUTION CONTROLS.

3. PARTICIPANTS IN THE MEETING FOR THE U.S. WERE THE SECRETARY, ASSISTANT SECRETARY HOLLOWAY, CHARGE DIPLOMATIC OFFICE, GENERAL VALTER, MSSRS. LILIEU, SHUACORT AND GOLDBERG, AND MR. CHANG, (INTERPRETER), FOR THE CHINESE SIDES DIRECTOR THAO ZIYANG, VICE FOREIGN MINISTER ZHANG WEIJUN, DIRECTOR HUA XIAO, DEPUTY DIRECTOR ZHII ZIYHEN, DEPUTY DIRECTOR LI CHAUCHU, DEPUTY DIRECTOR YANG LONGGRIN, INTERPRETER YANG JUNCHI, AND THREE NOTETAKERS.

4. DEGTA TEXT

HATG BREWER THAN, IT IS A PRIVILEGE TO MEET YOU IN THIS LOVELY PLACE.

ZHEUI IT IS CALLED THE PURPLE VELVET PALACE. WHEN BREWER THAU ENLAI WAS WITH US, HE OFTEN MET FOREIGN GUESTS HERE. IN THE QING DYNASTY THIS WAS THE PLACE WHERE THE EMPEROR GAVE EXAMINATIONS TO SCHOLARS.

ZHEGIVENJIN TO MILITARY OFFICERS.

HATGI I HOPE I WON'T HAVE THAT EXPERIENCE TODAY. I MIGHT GET A LOW GRADE.

CONFIDENTIAL

N  
O  
D  
I  
S

N  
O  
D  
I  
S

N  
O  
D  
I  
S

Department of State

INCOMING  
TELEGRAM

CONFIDENTIAL

PAGE 23 HFJLJW 2429Z 01 OF 97 9304717

THAO: YOU HAVE BEEN HERE SEVERAL DAYS, AND THE WEATHER HAS BEEN VERY HOT.

HATGI: IT IS FORTUNATE THAT WHILE THE WEATHER IS HOT, IT IS DRY, NOT DAMP.

THAO: IT IS WARMER THAN WASHINGTON.

HATGI: SLIGHTLY, BUT NOT AS MUCH. IF WE'RE IN HONG KONG TWO DAYS AGO, THAT WAS VERY WARMED.

THAO: ONE GOOD THING ABOUT HONG KONG IS THE FACT THAT THEY HAVE NO MOSQUITOES. WE HAVE THEM HERE IN GREAT NUMBERS.

HATGI: I DIDN'T ACTUALLY NOTICE THEM.

THAO: IT IS NOT LIKE HANOI HERE; THERE, MOSQUITOS ARE WEEEDED.

THAO: DURING THIS MORNING, YOU MET WITH VICE CHAIRMAN DENG, THAT WAS A VERY IMPORTANT SESSION WHICH WAS THE CROWN OF YOUR VISIT. YOU ALSO MET YESTERDAY AND THE DAY BEFORE WITH FOREIGN MINISTER HUANG HUA. VICE PREMIER BO YIANG, AND VICE PREMIER GENG QIAO, I HEAR THAT THESE MEETINGS WENT VERY WELL.

HATGI: IF WE EXISTENTIAL DISCUSSIONS ON INTERNATIONAL, REGIONAL, AND BILATERAL ISSUES, OUR TALKS WERE HIGHLY SATISFACTORY, AND VERY CONSTRUCTIVE.

THAO: PERHAPS TODAY I MIGHT USE THE OPPORTUNITY TO GOFF YOUR EXPERTISE ON ECONOMIC CONDITIONS HERE IN CHINA. HOWEVER, SINCE I RECENTLY WENT TO SOUTH ASIA, I WOULD LIKE TO COVER SEVERAL

CONFIDENTIAL

NODIS

NODIS

NODIS

Department of State

**INCOMING  
TELEGRAM**

CONFIDENTIAL

PAGE 04      0F114  NR202  41 OF 47  230431Z

POINTS RELATED TO THOSE COUNTRIES.

MATCH THAT WOULD BE VERY INTERESTING.

ZHADIS

: BEIJING  
YOU ALREADY KNOW THAT WE WILL SOON HAVE THE  
SIXTH PLENUM OF THE 11TH PARTY CENTRAL  
COMMITTEE. THIS WILL BE A VERY IMPORTANT  
SESSSION. ON THAT OCCASION, AN IMPORTANT

CONFIDENTIAL

NODIS

NODIS

N  
D  
I  
S

23 JUN 31 05 55

007330

Department of State

INCOMING  
TELEGRAM

~~CONFIDENTIAL~~

~~NOFORN~~

PAGE #1 HEIJIN 20292 #2 OF #7 9394427  
ACTION NOFORN

THRU ACT-PI ADG-89 1001 4  
-----215740 9394437 12

0 9394407 JUN 31  
FM AVENUEASY BEIJING  
TO SECRETARY WARREN INFORMAT 3170

CONFIDENTIAL SECTION 2 OF 7 BEIJING 0792

NONIC

STARTS

DOCUMENT ON CERTAIN HISTORICAL QUESTIONS  
WILL BE ADOPTED, AND THERE WILL BE SOME  
PERSONNEL CHANGES IN THE CENTRAL LEADERSHIP.  
MHTP.

PERHAPS  
YOU ALSO KNOW THAT IN 1949 THE PARTY CENTRAL  
COMMITTEE ACCEPTED A RESOLUTION ON SOME  
THREE HISTORICAL QUESTIONS SINCE THE  
ESTABLISHMENT OF THE PARTY. AT THAT TIME  
OUR PARTY HAD A HISTORY OF 24 YEARS. THIS  
DOCUMENT ENCOURAGED THE UNITY OF PARTY  
MEMBERS, AND CONTRIBUTED TO THE STRENGTH  
OF THE PARTY, WHICH ULTIMATELY ACHIEVED  
THE GREAT NATIONAL VICTORY. THE RESOLUTION  
TO BE ADOPTED AT THE SIXTH PLENUM WILL BE  
A SUMMARY COVERING THE PERIOD FROM THE  
FOUNDING OF OUR REPUBLIC TO THE PRESENT --  
THAT IS, 39 YEARS. THIS DOCUMENT WILL  
CERTAINLY EXCITE THE PROGRESS OF THE FUTURE  
ORGANIZATIONS EFFORT. BEWARE YOUR ENEMIES

~~CONFIDENTIAL~~

NOT TO BE REPRODUCED WITHOUT THE AUTHORIZATION OF THE EXECUTIVE SECRETARY

Department of State

INCOMING  
TELEGRAM

~~CONFIDENTIAL~~

PAGE 69 - - - BEIJING - APR 22 - 02 OF 07 - 2394427

THAT SINCE 1977, AND ESPECIALLY SINCE 1979,  
WE HAVE DONE A LOT TO REVISE THE PATH WE  
HAVE TRAVELED AND TO SUMMARIZE OUR  
EXPERIENCE AND THE LESSONS WE HAVE LEARNED.  
THE MAIN PURPOSE IS TO MAKE CLEAR THE  
DISTINCTION BETWEEN RIGHT AND WRONG,  
TO STICK TO THE RIGHT, AND TO CORRECT  
MISTAKES. THIS HAS BEEN A TERRIFIC JOB,  
BUT IT IS NOW ALREADY FINISHED. AGAINST  
THIS BACKGROUND THE EIGHT ELEVEN WILL BE  
HELPS.

TALKING ABOUT LOOKING BACK ON HISTORY AND  
SUMMING UP OUR HISTORICAL EXPERIENCE, THE  
QUESTION IS ONE OF HOW ONE LOOKS AT THE 100  
OVER THE PAST 72 YEARS. DURING THIS PERIOD,  
WE HAVE MADE SOME MISTAKES, PARTICULARLY  
DURING THE CULTURAL REVOLUTION, WHICH  
AFFECTED THE ENTIRE NATION. BUT APART  
FROM THAT, WE HAVE MADE CONSIDERABLE PROGRESS.  
WE HAVE ESTABLISHED A SOCIALIST SYSTEM,  
AND WE HAVE LAUNCHED A MASSIVE ECONOMIC  
PROGRAM. WE HAVE CAUGHT UP WITH SOME  
SEVERAL OF A LARGE SCALE IN THE COUNTRY.  
ONE MIGHT SAY THAT INDUSTRY HAS  
ALREADY ATTAINED A SIZEABLE MAGNITUDE.  
THERE ARE AS MANY AS 473,000 INDUSTRIAL  
ENTERPRISES IN CHINA. THE VALUE OF FIXED  
ASSETS AND CIRCULATING CURRENCY OF THESE  
ENTERPRISES AMOUNTS TO 800 BILLION CHINESE  
YUAN. THERE ARE, OF COURSE, SOME  
SHORTHCOMINGS SUCH AS FAULTS IN MANAGEMENT  
AND EFFICIENCY, WHICH IS NOT TOO HIGH.

~~CONFIDENTIAL~~

NODIS

NODIS

NODIS

Department of State

INCOMING  
TELEGRAM

~~CONFIDENTIAL~~

PAGE 03            0F1J14 AF202 02 OF 07 230442Z

BUT WE HAVE ACHIEVED A STABLE BASIS FOR  
DEVELOPMENT.

DURING THE LAST 22 YEARS THE CHINESE POPULATION HAS NEARLY DOUBLED. IN 1949 THERE WERE OVER 500 MILLION CHINESE. NOW WE HAVE NEARLY ONE BILLION. WE HAVE SUCCEDED IN MAINTAINING THE BASIC HONOR OF OUR PEOPLE. NOW THEY HAVE ENOUGH TO EAT AND WEAR. HOWEVER, COMPARED TO THE DEVELOPED COUNTRIES AND TO THE MODERN INCOME AND RAPID GROWTH RATINGS, CHINA IS A POOR COUNTRY AND RELATIVELY BACKWARD. BUT IT IS A VASTLY DIFFERENT COUNTRY THAN IT WAS 20 YEARS AGO. ONE OF THE MAJOR INDICATORS OF CHANGE IS THAT THE AVERAGE LIFE EXPECTANCY IS NOW 64 YEARS OLD. AS YOU KNOW, LIFE EXPECTANCY REFLECTS THE LEVEL OF ECONOMIC AND SOCIAL DEVELOPMENT OF A COUNTRY. PARTICULARLY, I WOULD POINT OUT THAT IN THE LAST 30 OR MORE YEARS WE HAVE ACHIEVED SUCCESS IN A COUNTRY OF ONE BILLION, OF WHICH 900 MILLION ARE PEASANTS, AND IN A COUNTRY WHERE ECONOMIC BASE WAS FICKETINGLY WEAK. FOR THE BETTER PART OF THE LAST THREE DECADES, CHINA FIGHTED AN ENORMOUSLY DIFFICULT COMBAT. THE BLOCKADE WE FACED REQUIRES US TO RELY ON OURSELVES IN CAPITAL FORMATION, TECHNOLOGICAL DEVELOPMENT, AND BRINGING OUT THE TALENTS OF OUR PEOPLE. OF COURSE, IN THE 1980'S WHEN STALIN WAS ALIVE THE SOVIET UNION DID GIVE US SOME ASSISTANCE, BUT IT WAS NOT FREE; WE HAD TO PAY IT BACK. WHEN KOROLEV CAME TO POWER WE TOOK UP THE CONTRACTS, PULLED OUT THE TECHNICIANS, AND DEMANDED REPAYMENT. ALTHOUGH THIS

~~CONFIDENTIAL~~

**INCOMING  
TELEGRAM**

NODIS

NODIS

NODIS

*Department of State*

CONFIDENTIAL

PAGE 64 - REIJIN APR 202 92 OF 97 230442Z

RAISED OR GREAT TROUBLE, WE EVENTUALLY  
PUT EVERYTHING BACK.

I WOULD MENTION IN PARTICULAR THAT ONE-  
THIRD OF THE LAST THREE DECADES -- THAT IS

CONFIDENTIAL

N  
O  
D  
I  
S

N  
O  
D  
I  
S

N  
O  
D  
I  
S

23 JUL 81 05 55

007331  
**INCOMING  
TELEGRAM**

*Department of State*

~~CONFIDENTIAL~~ NOFORN

PAGE #1 DFII:IN 18202 #3 OF #7 230349Z

ACTION NUMBER: INFO ACT-#1 APR-81 1791 230349Z 230501Z 18

#230349Z JUN 81

FM AMEMBASSY BEIJING

TO SECRETARY WARHOL IMMEDIATE 3170

CONFIDENTIAL SECTION 7 OF 7 BEIJING 0902

URGENT

RESULTS

TEN YEARS AGO WAS WASTED BECAUSE OF  
SPOILED CULTURAL REVOLUTION. LOOKING  
BACK, WE CAN SEE EVER MORE CLEARLY WHAT A  
MASTER READER THAT WAS. I HAVE STUDIED  
THIS QUESTION AND FOUND THAT IT WAS PROFOUNDLY  
DURING THAT OFCAUSE THAT SOME OF THE LESS  
DEVELOPED COUNTRIES ACHIEVED SUCH REMARK-  
ABLE ECONOMIC PROGRESS. I HAVE COME INTO  
MYSELF, CONCERNING HOW TO LOOK AT THE LAST  
30 YEARS. IF I THINK THAT DESPITE BLUNDERS,  
THE SUCCESSES WERE THE PREDOMINANT FEELING.  
THIS SHOWS THAT THE SOCIALIST SYSTEM PROFOUNDLY  
IN ACTUAL CONDITIONS IN CHINA. WE  
HAVE BROUGHT INTO PLAY THE SUPERIORITY OF  
THE SOCIALIST SYSTEM. EFFORTS MUST CONTINUE  
TO BE MADE TO IMPROVE OUR SYSTEM. THESE  
ARE SOME MAJOR PLANS. THEY NEED TO BE  
REFINED. THERE ARE SOME POLICY MISTAKES  
WHICH NEED TO BE CORRECTED.

THIS IS OUR GENERAL VIEW. ON THE ONE HAND,  
WE SHOULD STICK TO THE SOCIALIST PATH,  
WHILE HAVING SOME ENTHUSIASTIC ZEALOUS THOUGHT.

~~CONFIDENTIAL~~

N  
O  
D  
I  
S

N  
O  
D  
I  
S

N  
O  
D  
I  
S

Department of State

INCOMING  
TELEGRAM

CONFIDENTIAL

PAGE #2            0515N 42802 03 OF 07 23P4947

EFFECTS THE DICTATORSHIP OF THE BUREAUCRACY,  
AND ARRESTS TO THE LEADERSHIP OF THE  
COMMUNIST PARTY. BUT ON THE OTHER HAND,  
REFORMS WILL HAVE TO BE CARRIED OUT STEP  
BY STEP; WHAT MAO ZEDONG SAID STILL HARMS  
FOR A GENERATION. IN ASSESSING OUR PERFORMANCE  
OVER THE PAST 30 YEARS, ONE SHOULDN'T  
NEITHER CONFIRM NOR NEGATE WHAT HAS BEEN DONE.  
I.E., WE SHOULD NOT BECAUSE OF MISTAKES OR  
BLUNDERS NEGATE OUR BASIC SOCIALIST SYSTEM  
OR CHINA'S BASIC POLICIES. WE SHOULD ATTACH  
TO THE FAIR PRINCIPLES WHILE MAKING FURTHER  
EFFORTS TO PERFECT OUR SOCIALIST SYSTEM  
AND OVERCOMING SHORTCOMINGS IN OUR POLITICAL  
SYSTEM.

CONFIDENTIAL

NODIS

NODIS

NODIS

Department of State

**INCOMING  
TELEGRAM**

CONFIDENTIAL

PAGE 0X

081111Z APR 92 93 OF 97 230498Z

CONFIDENTIAL

NODIS

NODIS

NODIS

Department of State

**INCOMING  
TELEGRAM**

*CONFIDENTIAL*

PAGE NO.

APRIL 14 0820Z 03 OF 07 93-4887

27

*CONFIDENTIAL*

N  
O  
D  
I  
S  
  
N  
O  
D  
I

23 JUN 81Z 05 55

007332

Department of State

**INCOMING  
TELEGRAM**

CONFIDENTIAL

100498

PAGE #1 OF 14 1A202 44 OF 77 930327Z  
ACTION HOUR=08

THRU OCT-81 ANS=RE 1001 4  
----- 91R290 930317 119  
O 930345Z JUN 81  
FM AMEMBASSY BEIJING  
TO SECRETARY WARSHNG IMMEDIATE 3102  
C O U R T O F F I C I A L REPTON 4 OF 7 REFLNG 6299  
MURIA  
STATUS

N  
O  
D  
I

CONFIDENTIAL



NODIS

NODIS

NODIS



Department of State

**INCOMING  
TELEGRAM**

~~CONFIDENTIAL~~

PAGE 69 6F1314 46202 44 OF 47 230527Z

WHATSOEVER FOLLOW EVENTS HERE CLOSELY, SINCE OF  
REGARD CHINA'S ECONOMIC HEALTH,  
STABILITY, AND VITALITY AS A MATTER OF  
CONCERN TO THE UNITED STATES AS WELL. IN

~~CONFIDENTIAL~~

N  
O  
D  
I  
S

Department of State

INCOMING  
TELEGRAM



CONFIDENTIAL

DABE-63 ————— HFJIN - AF202 24 OF 27 230927Z

MANY RESPECTS, AS MY DISCUSSIONS WITH VICE  
PRESIDENT AND YOUR VERTENRAY CONFIRMED, HE  
AND DUSHING PARALLEL TRACKS EVEN THOUGH HE  
ARE INNER DIFFERENT SYSTEMS. I KNOW OF HAVE  
BOTH LEARNED ONE OF THE BASIC LESSONS  
OF ECONOMICS, WHETHER ONE OF FEARS OF 18TH  
CENTURY ECONOMISTS OR MARXIST ECONOMISTS  
THAT IS THAT NATIONS MUST NOT SPEND MORE THAN  
THEY TAKE IN. THAT IS A FORMULA FOR MORTGAGE  
IN THE FUTURE.

THOSE I HAVE HEARD THAT ACCORDING TO KEYNESIAN  
ECONOMIC THEORY ONE CAN SPEND MORE THAN ONE  
FAUNA.

HATIS THAT IS NOW A DEFUNCT THEORY IN THE UNITED  
STATES'. PRESENT REGIME DOES NOT FOLLOW  
PATTERNS EITHER, BUT HE REMEMBERS  
BASIC ECONOMICS FROM 40-50 YEARS AGO.  
I THINK AND OWN HOUSEHOLDS LIVE BY THE  
FUNDAMENTAL ECONOMIC PRINCIPLE WHICH NATIONS  
MUST FOLLOW AS WELL. I HAD A LENGTHY DISCUS-  
SION WITH DAVID ROCKEFELLER AFTER HIS  
RECENT VISIT TO CHINA WITH THE TRIALATERAL  
COMMISSION. HE EXPRESSED GREAT INTEREST IN  
CAPITAL FINANCIALS AND THOUGHT THAT HE AND  
SOME OF HIS BANKING FRIENDS COULD OFFER SOME  
PRACTICAL SUGGESTIONS. I DID GATHER  
VERTENRAY THAT PART OF YOUR REFORM  
PROGRAM INVOLVES GREATER DECENTRALIZATION.  
THIS INTEREST BECAUSE HE WAS ALSO  
SEEKING TO ACHIEVE THAT IN THE UNITED  
STATES'. HE HAVE ONE MAJOR CONTRADICTION  
IN OWN OTHERWISE ASTUTE MINDSET,  
WHICH HAS BEEN REDUCED BY 90  
BILLION DOLLARS; THAT IS A DRAMATIC 72

CONFIDENTIAL

N  
O  
D  
I  
S

N  
O  
D  
I  
S

N  
O  
D  
I  
S

Department of State

INCOMING  
TELEGRAM

CONFIDENTIAL

PAGE ONE

REF ID: A6202 - 94-08-27 - 230507Z

BILLION DOLLAR INCREASE IN OUR DEFENSE SPENDING. WE HAVE FOUND THAT OVER THE LAST 20 YEARS OUR SOCIAL PROGRAMS GREW FROM 20 BILLION DURING THE ADMINISTRATION OF JOHN KENNEDY TO NEARLY 300 BILLION LAST YEAR. MANY OF THE PROGRAMS HAVE OUTLIVED THEIR ORIGINAL PURPOSE, BUT THEY HAVE RETAINED

CONFIDENTIAL

N  
O  
D  
I  
S

N  
O  
D  
I  
S

N  
O  
D  
I  
S

23 JUN 01 05 56

007333

Department of State

INCOMING  
TELEGRAM

CONFIDENTIAL 400000

PAGE 61 007333 00202 09 06 07 007333  
ACTION NUMBER

TYPE OCT-01 ANSWER 1001 6  
----- 007333 00202 09 06 07 007333  
0 007333 00202 09 06 07 007333  
FM AMEMBASSY READING  
TO SECRETARY WARREN IMMEDIATE 3101

C O U P T R F H T T S L SECTION 5 OF 7 007333

NONIC

STADTS

MOMENTUM AND COMMITMENT TO THEIR  
CIV. WENCF, THEY CONTINUE TO GRW. IF  
ARE PUSHING A BROAD BASED ECONOMIC REFORM  
SOMETHING DIFFERENT FROM WHAT MRS. THATCHER  
HAD IN THE UNITED KINGDOM THREE YEARS  
AGO. SHE MADE THE MISTAKE OF TRYING TO  
TRANSLATE FUNCTIONAL AREAS OF AUTONOMY,  
AND SHE WAS REPEATEDLY ON EACH ISSUE BY THE  
PARLIAMENT AND THE PEOPLE AND IS IN SOME  
TROUBLE TODAY. FOR THAT REASON, IF ARE  
TRYING TO PROCEED ON A BROAD FRONT IN AN  
INTEGRATED MANNER TO GET THE BASIC  
MOVEMENTS IN OUR ECONOMY WHICH WE MUST  
HAVE.

MR. BREWER, I AM ANXIOUS TO HEAR ABOUT  
YOUR TRAVELS. I BROUGHT VICE CHIEF  
RENG A LETTER FROM VICE PRESIDENT BUSH,  
AND I HAVE BROUGHT YOU A LETTER FROM  
PRESIDENT REAGAN. I HAVE ALSO BEEN ASKED  
BY PRESIDENT REAGAN TO EXTEND TO YOU AN  
INVITATION TO VISIT THE UNITED STATES AT  
A MUTUALLY CONVENIENT DATE AT THE END

CONFIDENTIAL

NOT TO BE REPRODUCED WITHOUT THE AUTHORIZATION OF THE EXECUTIVE SECRETARY

NODIS

INCOMING  
TELEGRAM



Department of State

CONFIDENTIAL

PAGE 00 6F1JIN JA202 03 OF 07 232533Z

OF THIS YEAR OR THE BEGINNING OF NEXT YEAR.  
WE WOULD BE HONORED TO RECEIVE YOU IF YOUR  
SCHEDULE PERMITS. WE CAN WORK OUT THE  
ARRANGEMENTS THROUGH DIPLOMATIC CHANNELS. I  
KNOW THAT THE AMERICAN PEOPLE WOULD BE DELIGHTED  
TO WELCOME YOU.

ZHAO, I WOULD LIKE TO EXPRESS THANKS FOR PRESIDENT  
REAGAN'S LETTER AND FOR HIS INVITATION AS WELL.  
BECAUSE I HAVE A VERY CROWDED SCHEDULE THIS  
YEAR, PERHAPS I WILL NOT BE ABLE TO MAKE IT.  
BUT I AM LOOKING FORWARD TO VISITING WITH  
THE PRESIDENT AT A LATER DATE. SPECIFIC  
DATES CAN BE WORKED OUT THROUGH DIPLOMATIC  
CHANNELS. I WOULD LIKE TO TAKE THIS  
OPPORTUNITY TO RESEND THE INVITATION TO  
PRESIDENT REAGAN TO VISIT CHINA. THE  
CHINESE GOVERNMENT HAS ALREADY EXTENDED  
THE INVITATION. NOW, ON BEHALF OF THE STANDING  
COMMITTEE OF THE NATIONAL PEOPLE'S CONGRESS, AND THE  
CHINESE GOVERNMENT, I WOULD LIKE TO REAFFIRM  
THAT INVITATION TO PRESIDENT REAGAN TO  
VISIT AT A CONVENIENT TIME. PLEASE ALSO  
PASS MY RESPECTS TO THE PRESIDENT.

NATU, I SHALL BE HAPPY TO DO SO. I KNOW THE  
PRESIDENT WILL WELCOME YOUR INVITATION AND  
LOOK FORWARD TO YOUR VISIT. I TELL YOU,  
THE PRESIDENT HAS A VERY HEAVY SCHEDULE  
AND HE HAS BEEN SICKING BECAUSE OF THE RECENT  
ATTEMPT ON HIS LIFE.

CONFIDENTIAL

NODIS

NODIS

NODIS



Department of State

**INCOMING  
TELEGRAM**

*CONFIDENTIAL*

001314 34202 05 OF 07 930937

PAGE 67

THRU E

1

*CONFIDENTIAL*

NOT TO BE REPRODUCED WITHOUT THE AUTHORIZATION OF THE EXECUTIVE SECRETARY

NODIS

NODIS

NODIS



23 JUN 01 05 56

007334

Department of State

**INCOMING  
TELEGRAM**

CONFIDENTIAL

0007334

PAGE #1      061314 14202 #6 OF 67 9305447  
ACTUAL NUMBER

THRU ACT-#1 ARS-#1 SHP1 P  
----- 214314 9305447 /1\*

R 9305447 JUN 01  
FM AMEMBASSY BEIJING  
TU SECRETARY MARSHAL INFORMATION 3182

CONFIDENTIAL SECTION A OF 7 BEIJING 6992

NONDIS

ST-----

CONFIDENTIAL

N  
O  
D  
I  
S

N  
O  
D  
I  
S

N  
O  
D  
I  
S



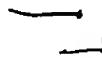
*Department of State*

**INCOMING  
TELEGRAM**

CONFIDENTIAL

PAGE 69 8F1314 8F202 98-CF-97-2395417

CONFIDENTIAL



N  
O  
D  
I  
S

N  
O  
D  
I  
S

N  
O  
D  
I  
S

S



*Department of State*

**INCOMING  
TELEGRAM**

*CONFIDENTIAL*

PAGE 1A — NFTJN — 0802 — 06 OF 07 — 9395417

*[Handwritten mark]*

*CONFIDENTIAL*

N  
O  
D  
I  
S

N  
O  
D  
I  
S

N  
G  
D  
I  
S



23 JUN 81 05 56

007335

Department of Sta...

**INCOMING  
TELEGRAM**

CONFIDENTIAL

400789

PAGE 01 BEIJING 06202 07 OF 07 9305407  
ACTION NUMBER 08

INFO ACT=R1 ANG=ER /0P1 N  
-----21R346 9305407 11

R 9305407 JUN 01  
FM AMEMBASSY BEIJING  
TO SECRETARY WASHDC IMMEDIATE 3183

COMPUTER SYSTEM SECTION 7 OF 7 BEIJING 0799

NONIE

STADTS

CONFIDENTIAL

*[Handwritten signature]*

N  
O  
D  
I  
S



Department of State

INCOMING  
TELEGRAM

CONFIDENTIAL

PAGE 62

08110N 0420Z 17 OF 17 230549Z

HATG! WE ARE BESPOKEN FOR TIME AND MUST STOP. LET ME MAKE ONE COMMENT ON PAKISTAN. YOU WILL HAVE NOTED IN THE PRESS THE ANNOUNCEMENT THAT MY UNDERSECRETARY FOR SECURITY ASSISTANCE, JIM RUCKER, HAS WORKED OUT A FRAMEWORK AND THE DETAILS OF AN AGREEMENT FOR A MULTI-BILLION DOLLAR ASSISTANCE PROGRAM FOR PAKISTAN. THIS PUBLICITY ON THE ARRANGEMENT HAS COME UP MORE LOUDLY THAN I WOULD HAVE WISHED THIS EARLY.

THAT IS IT FOR ONLY 30 BTLS INNG?

HATG! OVER 100,000 BTLS IN NG. ONLY 3 BILLION OVER FIFTEEN YEARS IS A HIGH FIGURE, AND IS UNPREDICTED. THIS REPRESENTS EQUALITY THE SAME LEVEL OF AID AS WE PROVIDED TO EGYPT. I WANTED TO ALERT YOU TO TWO ASPECTS OF THIS. FIRST, THERE WILL BE LOTS OF CONTROVERSY IN THE CONGRESS AS VARIOUS MEMBERS ARGUE THAT THIS IS TOO MUCH AND THAT IT HAS NOT BEEN CAREFULLY COORDINATED. WE WILL WORK ON THIS PROGRAM, REFOCUS; THE DANGER OF INNOCENT SOVIET PRESSES ON PAKISTAN MAY BE HIGHER THAN EVER!

CONFIDENTIAL

→

N  
O  
D  
I  
S

N  
D  
I  
S

N  
O  
D  
I  
S

Department of State

**INCOMING  
TELEGRAM**

CONFIDENTIAL

PAGE 63

8F1J14 46282 47 OF 37 230348Z

THE MEETING CONCLUDED AT 5THR P.M.  
BY

CONFIDENTIAL

**PARTIAL TRANSCRIPTION FOLLOWS**

**PARTIAL TRANSCRIPTION FOLLOWS**

PAGE 01

BEIJING

01 OF 07

[HEADER INFO]

CONFIDENTIAL

FOR ASSISTANT SECRETARY HOLDRIDGE

SUBJECT: SECRETARY HAIG'S JUNE 16, 1981 MEETING WITH PRC  
PREMIER ZHAO ZIYANG

1. (C - ENTIRE TEXT)

PAGE 02

BEIJING

01 OF 07

2. THE FOLLOWING MEMCON OF THE SECRETARY'S MEETING WITH PRC PREMIER ZHAO ZIYANG AT 3:30 PM ON THUSDAY, JUNE 16, 1981 REQUIRES CLEARANCE BY THE SECRETARY, FOLLOWING WHICH IT SHOULD BE TRANSMITTED TO WASHINGTON WITH APPROPRIATE DISTRIBUTION CONTROLS.

3. PARTICIPANTS IN THE MEETING FOR THE U.S. WERE THE SECRETARY, ASSISTANT SECRETARY HOLDRIDGE, CHARGE D'AFFAIRES ROY, GENERAL WALTERS, MESSRS. LILLEY, ARMACOST AND GOLDBERG, AND MS. CHANGE, (INTERPRETER), FOR THE CHINESE SIDE: PREMIER ZHAO ZIYNG, VICE FOREIGN MINISTER ZHANG WEIJIN, DIRECTOR HAN XU, DEPUTY DIRECTOR ZHU QIZHEN, DEPUTY DIRECTOR LI [ILLEGIBLE], DEPUTY DIRECTOR TANG LONGRIN, INTERPRETER YANG [ILLEGIBLE], AND THREE NOTETAKERS.

4. BEGIN TEXT:

HAIG: PREMIER ZHAO, IT IS A PRIVILEGE TO MEET YOU IN THIS LOVELY PLACE.

ZHAO: IT IS CALLED THE PURPLE VELVET PAVILION. WHEN PREMIER ZHOU ENLAI WAS WITH US, HE OFTEN MET FOREIGN GUESTS HERE. IN THE QYNG DYNASTY THIS WAS THE PLACE WHERE THE EMPEROR GAVE EXAMINATIONS TO SCHOLARS.

ZHANG WENJIN: TO MILITARY OFFICERS

HAIG: I HOPE I WON'T HAV THAT EXPERIENCE TODAY.  
I MIGHT GET LOW GRADE.

PAGE 03

BEIJING

01 OF 07

ZHAO: YOU HAVE BEEN HERE SEVERAL DAYS, AND THE WEATHER HAS BEEN VERY HOT.

HAIG: IT IS FORTUNATE THAT WHILE THE WEATHER IS HOT, IT IS DRY, NOT DAMP.

ZHAO: IT IS WARMER THAN WASHINGTON?

HAIG: SLIGHTLY, BUT NOT AS HUMID. WE WERE IN HONG KONG TWO DAYS AGO. THAT WAS VERY HUMID.

ZHAO: ONE GOOD THING ABOUT HONG KONG IS THE FACT THAT THEY HAVE NO MOSQUITOES. WE HAVE THEM HERE IN GREAT NUMBERS.

HAIG: I DIDN'T ACTUALLY NOTICE THEM.

ZHAO: IT IS NOT LIKE CANTON HERE; THERE, MOSQUITO NETS ARE NEEDED.

ZHAO: DURING THIS MORNING, YOU MET WITH VICE CHAIRMAN DENG. THAT WAS A VERY IMPORTANT SESSION WHICH WAS THE CLIMAX OF YOUR VISIT. YOU ALSO MET YESTERDAY AND THE DAY BEFORE WITH FOEIGN MINISTER HUANG HUA, VICE PREMIER BO YIBO, AND VICE PREMIER GENG BIAO; I HEAR THAT THESE SESSIONS WENT VERY WELL.

HAIG: WE HAD EXTENSIVE DISCUSSIONS ON INTERNATIONAL, REGIONAL, AND BILATERAL ISSUES. OUR TALKS WERE HIGHLY SATISFACTORY, AND VERY CONSTRUCTIVE.

ZHAO: PERHAPS TODAY I MIGHT USE THE OPPORTUNITY TO BRIEF YOUR EXCELLENCY ON DOMESTIC CONDITIONS HERE IN CHINA, MOREOVER, SINCE I RECENTLY WENT TO SOUTH ASIA, I WOULD LIKE TO COVER SEVERAL

PAGE 04

BEIJING

01 OF 07

POINTS RELATED TO THOSE COUNTRIES.

HAIG: THAT WOULD BE VERY INTERESTING.

ZHAO: [TWO LINES EXCISED]; PERHAPS  
YOU ALREADY KNOW THAT WE WILL SOON HAVE THE  
SIXTH PLENUM OF THE 11TH PARTY CENTRAL  
COMMITTEE. THIS WILL BE A VERY IMPORTANT  
SESSION, ON THAT OCCASION, AN IMPORTANT

PAGE 01

BELJING

02 OF 07

[HEADER INFO]

DOCUMENT ON CERTAIN HISTORICAL QUESTIONS  
WILL BE ADOPTED, AND THERE WILL BE SOME  
PERSONNEL CHANGES IN THE CENTRAL LEADER-  
SHIP. [FIVE LINES EXCISED] PERHAPS  
YOU ALSO KNOW THAT IN 1945 THE PARTY CENTRAL  
COMMITTEE ADOPTED A RESOLUTION ON SOME  
IMPORTANT HISTORICAL QUESTIONS SINCE THE  
ESTABLISHMENT OF THE PARTY. AT THAT TIME  
OUR PARTY HAD A HISTORY OF 24 YEARS. THIS  
DOCUMENT ENCOURAGED THE UNITY OF PARTY  
MEMBERS, AND CONTRIBUTED TO THE STRENGTH  
OF THE PARTY, WHICH ULTIMATELY ACHIEVED  
THE GREAT NATIONAL VICTORY. THE RESOLUTION  
TO BE ADOPTED AT THE SIXTH PLENUM WILL BE  
A SUMMARY COVERING THE PERIOD FROM THE  
FOUNDING OF OUR REPUBLIC TO THE PRESENT --  
THAT IS, 32 YEARS. THIS DOCUMENT WILL  
CERTAINLY EXPEDITE THE PROGRESS OF THE FOUR  
MODERNIZATIONS EFFORT. PERHAPS YOU KNOW

THAT SINCE 1977, AND ESPECIALLY SINCE 1979, WE HAVE DONE A LOT TO REVIEW THE PATH WE HAVE TRAVERSED AND TO SUMMARIZE OUR EXPERIENCE AND THE LESSONS WE HAVE LEARNED. THE MAIN PURPOSE IS TO MAKE CLEAR THE DISTINCTION BETWEEN RIGHT AND WRONG, TO STICK TO THE RIGHT, AND TO CORRECT MISTAKES. THIS HAS BEEN A TREMENDOUS JOB, BUT IT IS NOW ALREADY FINISHED. AGAINST THIS BACKDROP THE SIXTH PLENUM WILL BE HELD.

TALKING ABOUT LOOKING BACK ON HISTORY AND SUMMING UP OUR HISTORICAL EXPERIENCE, THE QUESTIONS IS ONE OF HOW ONE LOOKS AT OUR JOB OVER THE PAST 32 YEARS. DURING THIS PERIOD, WE HAVE MADE SOME MISTAKES, PARTICULARLY DURING THE CULTURAL REVOLUTION, WHICH AFFECTED THE ENTIRE NATION. BUT APART FROM THAT, WE HAVE MADE CONSIDERABLE PROGRESS. WE HAVE ESTABLISHED A SOCIALIST SYSTEM, AND WE HAVE LAUNCHED A MASSIVE ECONOMIC PROGRAM. WE HAVE CARRIED OUT WATER CONSERVANCY ON A LARGE SCALE IN THE COUNTRY-SIDE. ONE MIGHT SAY THAT INDUSTRY HAS ALREADY ATTAINED A SIZEABLE MAGNITUDE. THERE ARE AS MANY AS 400,000 INDUSTRIAL ENTERPRISES IN CHINA. THE VALUE OF FIXED ASSETS AND CIRCULATING CURRENCY OF THESE ENTERPRISES AMOUNTS TO [ILLEGIBLE] BILLION CHINESE YUAN. THERE ARE, OF COURSE, SOME SHORTCOMINGS SUCH AS FAULTS IN MANAGEMENT AND EFFICIENCY, WHICH IS NOT TOO HIGH,

BUT WE HAVE ACHIEVED A SIZEABLE BASIS FOR DEVELOPMENT.

DURING THE LAST 32 YEARS THE CHINESE POPULATION HAS NEARLY DOUBLED. IN 1949 THERE WERE OVER 500 MILLION CHINESE. NOW WE HAVE NEARLY ONE BILLION. WE HAVE SUCCEEDED IN MEETING THE BASIC NEEDS OF OUR PEOPLE. NOW THEY HAVE ENOUGH TO EAT AND WEAR. HOWEVER, COMPARED TO THE DEVELOPED COUNTRIES AND TO THE MEDIAN INCOME AND RAPID GROWTH NATIONS, CHINA IS A POOR COUNTRY AND DECIDEDLY BACKWARD. BUT IT IS A VASTLY DIFFERENT COUNTRY THAN IT WAS 30 YEARS AGO. ONE OF THE MAJOR INDICATIONS OF CHANGE IS THAT THE AVERAGE LIFE EXPECTANCY IS NOW 64 YEARS OLD. AS YOU KNOW, LIFE EXPECTANCY REFLECTS THE LEVEL OF ECONOMIC AND SOCIAL DEVELOPMENT OF A COUNTRY. PARTICULARLY, I WOULD POINT OUT THAT IN THE LAST 30 OR MORE YEARS WE HAVE ACHIEVED SUCCESS IN A COUNTRY OF ONE BILLION, OF WHICH 800 MILLION ARE PEASANTS, AND IN A COUNTRY WHOSE ECONOMIC BASE WAS EXCEEDINGLY WEAK. FOR THE BETTER PART OF THE LAST THREE DECADES, CHINA CARRIED ON WORK UNDER DIFFICULT CONDITIONS. THE BLOCKADE WE FACED REQUIRED US TO RELY ON OUSELVES IN CAPITAL FORMATION, TECHNOLOGICAL DEVELOPMENT, AND BRINGING OUT THE TALENTS OF OUR PEOPLE. OF COURSE, IN THE 1950'S WHEN STALIN WAS ALIVE THE SOVIET UNION DID GIVE US SOME ASSISTANCE, BUT IT WAS NOT FREE; WE HAD TO PAY IT BACK. WHEN KRUSHCEV CAME TO POER HE TORE UP THE CONTRACTS, PULLED OUT THE TECHNICIANS, AND DEMANDED REPAYMENT. ALTHOUGH THIS

PAGE 04

BEIJING

02 OF 07

CAUSED US GREAT TROUBLE, WE EVENTUALLY  
PAID EVERYTHING BACK

I WOULD MENTION IN PARTICULAR THAT ONE-  
THIRD OF THE LAST THREE DECADES -- THAT IS

TEN YEARS – WAS WASTED BECAUSE OF SO-CALLED CULTURAL REVOLUTION. BOOKING BACK, WE CAN SEE EVEN MORE CLEARLY WHAT A WASTED DECADE THAT WAS. I HAVE STUDIED THIS QUESTION AND FOUND THAT IT WAS PRECISELY DURING THAT DECADE THAT SOME OF THE LESS DEVELOPED COUNTRIES ACHIEVED SUCH REMARKABLE ECONOMIC PROGRESS. I HAVE GONE INTO DETAIL CONCERNING HOW TO LOOK AT THE LAST 32 YEARS. WE THINK THAT DESPITE BLUNDERS, THE SUCCESSES WERE THE PREDOMINANT FEATURE. THIS SHOWS THAT THE SOCIALIST SYSTEM CORRESPONDS TO ACTUAL CONDITIONS IN CHINA. WE HAVE BROUGHT INTO PLAY THE SUPERIORITY OF THE SOCIALISTS SYSTEM. EFFORTS MUST CONTINUE TO BE MADE TO IMPROVE OUR SYSTEM. THERE ARE SOME MAJOR FLAWS. THEY NEED TO BE REFORMED. THERE ARE SOME POLICY MISTAKES WHICH NEED TO BE CORRECTED.

THIS IS OUR GENERAL VIEW. ON THE ONE HAND, WE SHOULD STICK TO THE SOCIALIST ROAD, UPHOLD MARXISM-LENINISM-MAO ZEDONG THOUGHT,

PAGE 02

BEIJING

03 OF 07

EXERCISE THE DICTATORSHIP OF THE PROLETARIAT,  
AND ADHERE TO THE LEADRSHIP OF THE  
COMMUNIST PARTY. BUT ON THE OTHER HAND,  
REFORMS WILL HAE TO BE CARRIED OUT STEP  
BY STEP. WHAT MAO ZEDONG SAID STILL WORKS  
FOR A GENERATION. IN ASSESSING OUR PERFORMANCE  
OVER THE PAST 32 YEARS, ONE SHOULD  
NEITHER CONFIRM NOR NEGATE WHAT HAS BEEN DONE,  
I.E., WE SHOULD NOT BECAUSE OF MISTAKES OR  
BLUNDERS NEGATE OUR BASIC SOCIALIST SYSTEM  
OR CHINA'S BASIC POLICIES. WE SHOULD STICK  
TO THE FOUR PRINCIPLES WHILE MAKING EARNEST  
EFFORTS TO PERFECT OUR SOCIALIST SYSTEM  
AND OVERCOMING SHORTCOMINGS IN OUR POLITICAL  
SYSTEM.

[REMAINDER OF TEXT ON PAGE EXCISED]

PAGE 03 BEIJING

03 OF 07

[PAGE EXCISED]

PAGE 04

BEIJING

03 OF 07

[PAGE EXCISED]

PAGE 01      BEIJING      04 OF 07

[HEADER INFO]

[TEXT OF DOCUMENT ON PAGE EXCISED]

PAGE 02        BEIJING                  04 OF 07

[MOST OF PAGE EXCISED]

HAIG: WE DO FOLLOW EVENTS HERE CLOSELY, SINCE WE  
REGARD CHINA'S ECONOMIC HEALTH,  
STABILITY, AND VITALITY AS A MATTER OF  
CONCERN TO THE UNITED STATES AS WELL. IN

PAGE 03 BEIJING

04 OF 07

MANY RESPECTS, AS MY DISCUSSIONS WITH VICE PREMIER BO YIBO YESTERDAY CONFIRMED, WE ARE PURSUING PARALLEL TRACKS EVEN THOUGH WE ARE UNDER DIFFERENT SYSTEMS. I KNOW WE HAVE BOTH LEARNED ONE OF THE BASIC LESSONS OF ECONOMICS, WHETHER ONE SPEAKS OF 18TH CENTURY ECONOMICS OR MARXIST ECONOMICS: THAT IS THAT NATIONS MUST NOT SPEND MORE THAN THEY TAKE IN. THAT IS A FORMULA FOR MORTGAG-  
IN[G] THE FUTURE.

ZHAO: I HAVE HEARD THAT ACCORDING TO KEYNESIAN ECONOMIC THEORY ONE CAN SPEND MORE THAN ONE EARNS.

HAIG: THAT IS NOW A DEFUNCT THEORY IN THE UNITED STATES. PRESIDENT REAGAN DOES NOT FOLLOW FRIEDMAN EITHER, BUT HE REMEMBERS BASIC ECONOMICS FROM 40-50 YEARS AGO. I THINK OUR OWN HOUSEHOLDS LIVE BY THE FUNDAMENTAL ECONOMIC PRECEPTS WHICH NATIONS MUST FOLLOW AS WELL. I HAD A LENGTHY DISCUSSION WITH DAVID ROCKEFELLER AFTER HIS RECENT VISIT IN CHINA WITH THE TRILATERAL COMMISSION. HE EXPRESSED GREAT INTEREST IN CAPITAL FINANCING AND THOUGHT THAT HE AND SOME OF HIS RANKING FRIENDS COULD OFFER SOME CONSTRUCTIVE SUGGESTIONS. I DID GATHER YESTERDAY THAT PART OF YOUR REFORM PROGRAM INVOLVES GREATER DECENTRALIZATION. THAT INTERESTS ME BECAUSE WE ARE ALSO SEEKING TO ACCOMPLISH THAT IN THE UNITED STATES. WE HAD ONE MAJOR CONTRADICTION IN OUR OTHERWISE AUSTERE BUDGET, WHICH HAS BEEN REDUCED BY 50 [?] BILLION DOLLARS; THAT IS A DRAMATIC 32 [?]

PAGE 04

BEIJING

04 OF 07

BILLION DOLLAR INCREASE IN OUR DEFENSE SPENDING. WE HAVE FOUND THAT OVER THE LAST 20 YEARS OUR SOCIAL PROGRAMS GREW FROM 29 BILLION DURING THE ADMINISTRATION OF JOHN KENNEDY IN 1962 TO NEARLY 300 BILLION LAST YEAR. MANY OF THE PROGRAMS HAD OUTLIVED THEIR ORIGINAL PURPOSE, BUT THEY HAVE RETAINED

[HEADER INFO]

MOMENTUM AND CONSTITUENCIES THEIR OWN [SIC], HENCE, THEY CONTINUE TO GROW. WE ARE PURSUING A BROAD BASED ECONOMIC REFORM SOMEWHAT DIFFERENT FROM WHAT MRS. THATCHER TRIED IN THE UNITED KINGDOM THREE YEARS AGO. SHE MADE THE MISTAKE OF TRYING TO ISOLATE FUNCTIONAL AREAS OF AUSTERITY, AND SHE WAS DEFEATED ON EACH ISSUE BY THE PARLIAMENT AND THE PEOPLE AND IS IN SOME TROUBLE TODAY. FOR THAT REASON, WE ARE TRYING TO PROCEED ON A BROAD FRONT IN AN INTEGRATED MANNER TO GET THE BASIC IMPROVEMENTS IN OUR ECONOMY WHICH WE MUST HAVE.

MR. PREMIER, I AM ANXIOUS TO HEAR ABOUT YOUR TRAVELS. I BROUGHT VICE CHAIRMAN DENG LETTER FROM VICE PRESIDENT BUSH, AND I HAVE BROUGHT YOU A LETTER FROM PRESIDENT REAGAN. I HAVE ALSO BEEN ASKED BY PRESIDENT REAGAN TO EXTEND TO YOU AN INVITATION TO VISIT THE UNITED STATES AT A MUTUALLY CONVENIENT DATE AT THE END

PAGE 02

BELING

05 OF 07

OF THIS YEAR OR THE BEGINNING OF NEXT YEAR.  
WE WOULD BE HONORED TO RECEIVE YOU IF YOUR  
SCHEDULE PERMITS. WE CAN WORK OUT THE  
ARRANGEMENTS THROUGH DIPLOMATIC CHANNELS. I  
KNOW THAT THE AMERICAN PEOPLE WOULD BE DELIGHTED  
TO WELCOME YOU.

ZHAO: I WOULD LIKE TO EXPRESS THANKS FOR PRESIDENT  
REAGAN'S LETTER AND FOR HIS INVITATION AS WELL.  
BECAUSE I HAVE A VERY CROW[D]ED SCHEDULE THIS  
YEAR, PERHAPS I WILL NOT BE ABLE TO MAKE IT.  
BUT I AM LOOKING FORWARD TO VISITING WITH  
THE PRESIDENT AT A LATER DATE. SPECIFIC  
DATES CAN BE WORKED OUT THROUGH DIPLOMATIC  
CHANNELS. I WOULD LIKE TO TAKE THIS  
OPPORTUNITY TO RENEW THE INVITATION TO  
PRESIDENT REAGAN TO VISIT CHINA. THE  
CHINESE GOVERNMENT HAS ALREADY EXTENDED  
AN INVITATION. NOW, ON BEHALF OF YE JIANYING,  
THE CHAIRMAN OF THE STANDING COMMITTEE OF  
THE NATIONAL PEOPLE'S CONGRESS, AND THE  
CHINESE GOVERNMENT, I WOULD LIKE TO REAFFIRM  
THAT INVITATION TO PRESIDENT REAGAN TO  
VISIT AT A CONVENIENT TIME. PLEASE ALSO  
CONVEY MY REGARDS TO THE PRESIDENT.

HAIG: I SHALL BE HAPPY TO DO SO. I KNOW THE  
PRESIDENT WILL WELCOME YOUR INVITATION AND  
LOOKS FORWARD TO YOUR VISIT. LIKE YOU,  
THE PRESIDENT HAS A VERY HEAVY SCHEDULE  
AND HE HAS FALLEN BEHIND BECAUSE OF THE RECENT  
ATTEMPT ON HIS LIFE.

PAGE 03

BEIJING

05 OF 07

ZHAO: [PAGE EXCISED]

PAGE 01

BEIJING

06 OF 07

[HEADER INFO]

[DOCUMENT TEXT ON PAGE EXCISED]

PAGE 02

BEIJING

06 OF 07

[DOCUMENT TEXT ON PAGE EXCISED]

PAGE 03

BEIJING

06 OF 07

[DOCUMENT TEXT ON PAGE EXCISED]

PAGE 01

BEIJING

07 OF 07

[HEADER INFO]

[DOCUMENT TEXT ON PAGE EXCISED]

PAGE 02

BEIJING

07 OF 07

[TWO LINES EXCISED]

HAIG: WE ARE PRESSED FOR TIME AND MUST STOP. LET ME MAKE ONE COMMENT ON PAKISTAN. YOU WILL HAVE NOTED IN THE PRESS THE ANNOUNCEMENT THAT MY UNDERSECRETARY FOR SECURITY ASSISTANCE, JIM BUCKLEY, HAS WORKED OUT A FRAMEWORK AND THE DETAILS OF AN AGREEMENT FOR A MULTI-BILLION DOLLAR ASSISTANCE PROGRAM FOR PAKISTAN. THIS PUBLICITY ON THE ARRANGEMENT HAS COME UP MORE LOUDLY THAN I WOULD HAVE WISHED THIS EARLY.

ZHAO: IS IT FOR DOLS 30 BILLIONG [SIC]?

HAIG: OVER DOLS 3 BILLION. DOLS 3 BILLION OVER FIVE YEARS IS A HIGH FIGURE, AND IS UNPRECEDENTED. THIS REPRESENTS ROUGHLY THE SAME LEVEL OF AID AS WE PROVIDE TO EGYPT. I WANTED TO ALERT YOU TO TWO ASPECTS OF THIS. FIRST, THERE WILL BE LOTS OF CONTROVERSY IN THE CONGRESS AS VARIOUS MEMBERS ARGUE THAT HIS IS TOO MUCH AND THAT IT HAS NOT BEEN CAREFULLY COORDINATED. WE WILL WORK ON THIS PROGRAM. SECOND, THE DANGER OF IMMEDIATE SOVIET PRESSURES ON PAKISTAN MAY BE HIGHER THAN EVER. [REMAINDER OF DOCUMENT TEXT ON PAGE EXCISED]

PAGE 03

BEIJING

07 OF 07

[PARAGRAPH EXCISED]

THE MEETING CONCLUDED AT 5:00 P.M.

ROY